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Contents

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School Lunches—A Growing Market for Farm Foods	3
Reducing Cleaning Costs at Stockyards	4
Colorado-California Lettuce Marketing Program	5
Ownership Changes in Selected Food Industries	6
Improved Market Facilities for New York City	7
Cotton and Wool Can Meet Competition	8
Measuring Fat Content in Meat	10
Reporting the Egg Markets	11
Vegetable Growers Find Joint Marketing Pays	12
Marketing Lean Pork in Indiana	14
Marketing Domestic Dates	15
Fruit and Vegetable Inspection	15

New York's Washington Street Market at Nighttime—Cover Page

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SCHOOL LUNCHES

**- a growing
Market for
Farm Foods**



by Kenneth E. Anderson and William S. Hoofnagle

SCHOOL lunch programs offer an increasingly important market for farm food products.

In a recent school year, \$597 million worth of food was used by the 60,000 public elementary and high schools offering food services. Over \$505 million of this was purchased locally by the schools. The remainder was donated by the Federal Government—either directly from purchases for the school lunch program or from food acquired under price stabilization or surplus removal programs.

These data as well as information for individual food items were recently obtained through a national survey by the Agricultural Marketing Service.

As enrollments continue to rise and as new schools are constructed with modern cooking and cafeteria facilities, further expansion of school lunch programs is inevitable.

During the 1958-59 school year, enrollments in our public schools totaled 34.7 million pupils. The De-

partment of Health, Education, and Welfare estimates this figure will rise to 41.5 million by 1965. By 1970, enrollments may reach 44.5 million, approximately 25 percent more than the current level.

Along with rising enrollments, researchers expect an increase in the percentage of children participating in lunch programs. Today, public schools with lunch programs serve about half of the children in attendance. The other 50 percent remain as potential customers for school lunches — and additional farm food products.

There is also room for developing new markets for farm foods in schools not having feeding facilities. According to the study, over 26,000 public schools were without food services of any type. An additional 19,352 schools served milk only.

It is reasonable to expect some of these schools will adopt lunch service in the years ahead.

While much of the food for these programs will come from local purchases, additional foods are distributed by USDA's Agricultural Mar-

keting Service. In the past school year, AMS spent \$43 million for such foods; in 1959-60, \$58 million has been authorized.

Schools in the National School Lunch Program share also in the distribution of surplus commodities acquired by USDA in price-support and surplus-removal operations. In fiscal 1959, surplus foods distributed to schools included butter, cheese, nonfat dry milk, flour, cornmeal, peanut butter, and rice.

All of these foods—plus those purchased and distributed by AMS and those bought locally by the schools—were needed to make up the 2 billion school lunches served last year to pupils in public elementary and secondary schools.

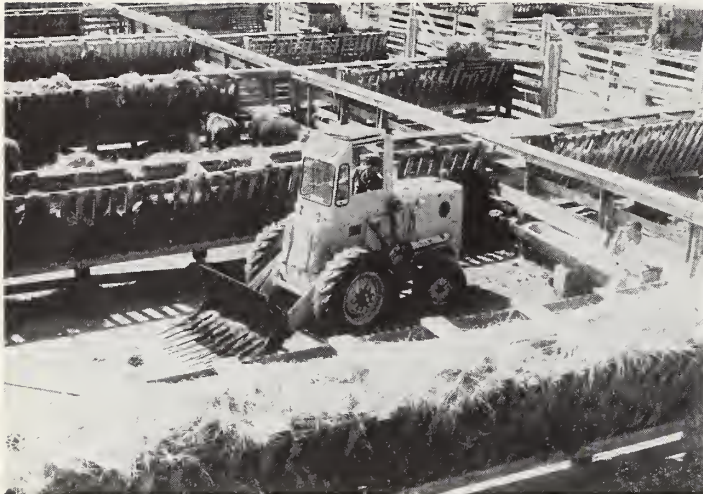
Already a substantial outlet for farm foods, the school lunch program comprises one of the most rapidly growing segments of the away-from-home eating market. With more children in school and more schools serving lunches, this market is bound to grow even larger.

A complete report, MRR-377, on the use of food in public schools has recently been issued by the Agricultural Marketing Service.

Mr. Anderson is a staff member of the Distributions Programs Research Section, Market Development Research Division, AMS. Mr. Hoofnagle heads the Section.

REDUCING Cleaning Costs

at STOCKYARDS



A front-wheel drive tractor with scoop attachment permits easy cleaning of pens. Average scoop holds 1,000 pounds of manure; only 7 scoops needed to fill truck.

THE CLEANING of cattle pens is one of the most costly operations at a stockyard. It is also one that offers a great chance to save money.

A good many terminal yards could cut their cleaning costs about 30 percent by carefully selecting suitable equipment and methods.

A recent study by the Agricultural Marketing Service shows what kinds of equipment and what combinations of equipment may be used most effectively with various crew sizes and transport distances.

A front-wheel drive tractor is recommended for scooping manure from the yard floor and loading it onto a dump truck. This type tractor can move 7,000 pounds of manure in 8.7 minutes. The same job requires 9.9 minutes with a rear-wheel drive tractor and 14.3 minutes with a crawler-tractor.

Because manual cleaning is paced by the scooping operation, each minute saved in Step 1 is again saved in Step 2.

Time savings for the third step (moving the manure from the cleaning yard to the dump) are not so predictable. These depend upon the distance between the two areas.

But the time required for this operation also can be reduced—with the use of a 3-wheel dump truck. For a typical load moving 3,000 feet, a 3-wheel truck can move 7,000 pounds of manure in 10.2 minutes. It takes a 4-wheeled vehicle 13.2 minutes.

Optimum results may be obtained with a 4-man crew using 2 trucks and a transportation distance of 3,000 to 4,000 feet. The yards studied could make an average reduction in cleaning costs of \$20,000 annually by using the lowest cost method.



Three-wheel dump truck is easily maneuvered, can make right-angle turns quickly and easily. Also, driver can open gates without leaving his seat.

This is fleet of equipment used in the Agricultural Marketing Service study of cleaning costs at terminal stockyards.





Colorado and California lettuce producers recently joined forces to control flow of lettuce to market. In this way, supply was fitted to demand. No more lettuce was sold than could be absorbed in a single day. At left, Colorado lettuce is being harvested; photo at right shows Salinas lettuce ready for shipment.

COLORADO-CALIFORNIA LETTUCE MARKETING PROGRAM

by Ken Warden

MARKETING lettuce from two competitive States—together! Impossible? No. Colorado and California did it during the summer season of 1959.

The problem—and it was mutually understood—was that supplies of this highly perishable crop were too erratic. One day there wouldn't be enough, the next day too much. There had to be some way to regulate the flow to market.

Neither State could do it alone. Even though the Salinas-Watsonville (Calif.) area produced five times the volume of lettuce grown in the San Luis Valley of Colorado, it had to be a cooperative effort.

So, the California lettuce growers asked the Colorado growers to help. They would set up a marketing order if the San Luis Valley growers would initiate and follow the same type of order.

To show good faith, the San Luis Valley producers promptly drafted their order. Frank Bennett, assistant chief, Division of Markets, Cali-

fornia Department of Agriculture, worked out the mechanics, and the growers passed the order 4 days before the California group initiated its regulations.

The market basically had only one regulation. That was to control the flow of lettuce. This was accomplished by prorating the volume to be marketed each week. For example, a grower could ship only one-sixth of his declared volume daily—no more. And there was no shipping, cutting, or cooling on Sunday.

Proration was the same in each State. Because of the minimum standards in the State of Colorado, inferior lettuce was left at home.

The vegetable trade was informed of the available supply each day. A newly inaugurated Federal-State Market News Service provided growers, dealers, brokers, and the trade with current prices.

The San Luis Valley Lettuce Board of Control handled the program in Colorado. It consisted of seven producers and four shipper members. This Board hired three disinterested field men from Arizona to survey each grower's field

and give weekly estimates on available supplies. This information was compiled and exchanged with the California Lettuce Board of Control, and a prorate established.

Ken Warden, marketing specialist in Colorado, computed the lettuce acreage, allocation, and market news.

To defray the cost of administering the program, growers and shippers each paid ½-cent a carton on their lettuce. Grower-shippers assumed the full assessment of 1-cent per carton.

Results of the program were very satisfactory — so satisfactory, in fact, that the order was amended to include promotion, advertising, and research for the following year (1960).

How much lettuce did the growers and shippers lose under the marketing program? Actually, none. There was an increase of 1001 carloads of lettuce shipped last year. In 1958, prices averaged 76 cents a carton; in 1959, they ran about \$2 a carton.

Successful? We think so. Any time you put dollars in a producer's pocket, it makes sense!

The author is a marketing specialist with the Colorado Department of Agriculture.

Ownership Changes in Selected Food Industries

by Paul E. Nelson, Jr., and Allen B. Paul

TO HELP answer questions on the effects of integration in the food industry, economists in the Agricultural Marketing Service have come up with some facts to help define the uncertain situation.

These men sought to find out how many companies within a selected group of food industries had acquired or disposed of other firms between the years 1952 and 1958. They also wanted to know whether the additions were made from similar groups or whether they were made from totally different areas of the food industry.

Marketing experts examined 2,721 firms in eight food industries to get a cross section of all levels of marketing. The industries were:

- manufacturing dairy products
- canning, preserving, and freezing (but not including sea food)
- bakery products
- vegetable and animal oils
- food product wholesalers
- farm product assemblers
- grocery stores
- and food stores other than grocery stores.

One-fourth of these operators reported they had purchased at least one other company, or sold one, or had done both in the seven-year period. Only 7 percent said their activities had been limited to getting rid of one or more establishments.

The most active of the industry groups were the wholesalers, the retail grocers, and the assemblers—each making up a little over one-fifth of those reporting any change in ownership.

The companies in the survey added about 1,500 firms to their books between 1952 and 1958. Grocery stores led in acquisitions with over a third of the total.

Dairy processors were next with about a fourth, and other food stores accounted for roughly 10 percent of the total. Percentages for the other groups ranged all the way down to 3 percent for the canners, processors, and freezers.

The grocers were just as busy getting rid of affiliates as they were in acquiring control of new ones. They had 45 percent of the 742 disposals reported, much more than the next most active groups—assemblers, wholesalers, dairy processors, and other food stores, which each accounted for 11 to 13 percent of the disposals.

Most of the acquisitions involved relatively small firms. Only 3 percent of the plants had more than 500 workers.

And most of the companies that enlarged their business during the seven-year period added only one or two other firms. Only 13 percent reported five or more acquisitions, with the dairy and grocery groups most often reporting multiple purchases.

By and large, the biggest companies in the industry groups acquired most of the firms. (For five of the industry groups, the largest operators were considered to be those with 500 or more employees. Wholesalers, assemblers, and food stores other than grocers were considered large when they had 100 employees or more.)

The larger dairy processors accounted for over three-fifths of the

total acquisitions for the group; in the canning, processing, and freezing category the proportions were just under three-fifths, and the same was true for food product wholesalers.

Large bakery product companies accounted for about four-fifths of that group's acquisitions, while the biggest companies in vegetable and animal oil processing assumed nearly nine-tenths of this group's total.

On the other hand, the smaller companies in three industry groups led in number of acquisitions for the period. These groups were grocery stores, other food stores, and assemblers.

When it came to the number of employees added to their payrolls along with acquisitions, the big companies were still pretty much ahead. With only two exceptions, the biggest companies in all the industry groups accounted for 75 percent or more of the number of workers added.

The larger wholesalers reported additions of employees of just over half the total acquired in their group. And over three-fourths of the new employees in assembly plants were gained by the smaller operators.

Four-fifths of all companies added were within the same industry and at the same market level as the acquiring firm. Only 10 percent of the acquisitions were at a different level in the marketing system, though within the same industry, and the remaining 10 percent were in distinctly different industries.

When the firms were in a mood to grow, they did it in various ways. About three-fifths bought companies for cash, whereas less than a tenth acquired other companies by merging—exchanging stock of both companies.

And when they wanted to sell out, over half of them sold for cash; a few took the stock of the acquiring company; and some released control through contract or lease.

The authors are staff members of the Marketing Economics Research Division of AMS.



This is Washington Street market at peak of night-time activity—cluttered, crowded, and impassable.

Improved Marketing Facilities for NEW YORK CITY

would save \$10 million a year in marketing costs

A VITAL part of the food supply of the 14 million people who live in New York City and its metropolitan area is the 165,500 carlots of fresh fruits and vegetables which are received each year in this, the Nation's largest market—enough produce to fill a train reaching from New York to Texas.

Produce comes to New York City from almost every State and from 35 foreign countries. About 52 percent arrives by rail, 44 percent by truck, and 4 percent by boat or plane.

Consumers pay about \$500 million a year for these fruits and vegetables. About \$10 million of this cost—or 2 cents of every dollar—is unnecessary, caused by a wasteful, inefficient marketing system in the city.

Of the total supply of fresh fruits and vegetables arriving in New York, about two-thirds (110,000 carlots) moves through the Lower Manhattan area, which includes two auctions, piers, team tracks, and the Washington Street market. Much of the produce changes hands two or more times after it reaches the market and before it gets to a retail outlet.

The Lower Manhattan area has served, somehow,

as a market place to several generations of New York consumers—BUT!

No train reaches the Washington Street market, the principal wholesaling center. Produce arriving by rail is either floated across the Hudson River to piers or placed on team tracks. To reach the market it must be transferred to trucks.

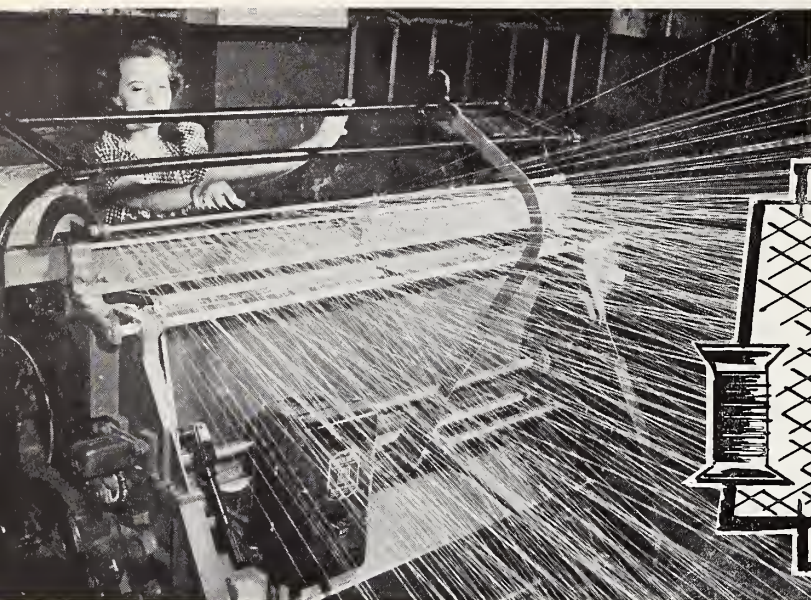
Big trucks are barred from the Washington Street market. Produce must be transferred to smaller trucks to reach the wholesale stores. Cartage from point of arrival to the market adds an estimated \$4 million a year to the city's fruit and vegetable bill.

Trucks wait in line for hours to unload or to pick up produce. These delays cost nearly \$3 million a year in time of men and trucks.

Loss of quality and outright spoilage caused by delays and excess handling cost nearly \$2 million a year.

Because of the extreme congestion of the Washington Street market, tons of produce must be carried on men's backs to waiting trucks parked some distance away. Porterage charges come to \$1 million.

(continued on page 16)



Cotton and CAN M

To hold down marketing costs for cotton and wool products, economies must begin at the warehouse and extend through processing and manufacturing to the retail store.



by L. D. Howell

AMERICAN cotton and wool can compete successfully with other fibers if adequate supplies of suitable qualities are made available at attractive prices.

But—both fibers have plenty of problems. Supplies of manmade fibers and foreign-grown cotton and wool are up. The quality of these fibers has improved. And their prices are increasingly attractive to buyers.

It all adds up to tough competition for the home team of cotton and wool.

But, as an AMS study of the American cotton and wool indus-

tries points out, the prospective demand for textiles is big enough to maintain or expand consumption of our cotton and wool if all potential market outlets are fully exploited.

Competition is, of course, the key to future success for cotton and wool in their bid for markets.

Here's a rough outline of the cost picture for the two fibers. It offers some idea as to where major savings might be made.

In recent years, about 85 percent of the money consumers spent on cotton and wool clothes and household fabrics went to marketing agencies. Yet in 1939, marketing cotton took about 91 cents of the consumer's dollar, and for wool, the cost of marketing was 88 cents.

The share that went to the various parts of the marketing system in 1957 broke down about like this:

Merchandising the raw fibers accounted for about 3 cents of the consumer's dollar. This figure includes the cost of ginning and baling cotton, but does not include scouring wool.

Spinning the yarns, weaving the fabric, and dyeing and finishing the cloth took about 12 cents of the cotton dollar and roughly 14 cents of the dollar spent on wool goods. Another 30 cents went to manufacturers of clothing or household textiles. The largest share, about 41 cents, went to wholesale and retail distributors.

The size of these margins, along with increased competition from manmade fibers and foreign cotton and wool, emphasizes the importance of greater efficiency in marketing.

Better marketing for cotton should begin with ginning. The industry needs to expand the use of suitable conditioning, cleaning, and ginning equipment, and to improve operating efficiency. Better automatic samplers and higher density presses at the larger gins may be helpful. Facilities for handling cotton at compresses and warehouses should be updated, and better methods of bagging and handling bales would reduce contamination of lint.

The wool industry could use the same sort of sweeping modernization. Better preparation of wool for manufacturing is first on the list of changes. Also needed are better facilities and equipment for handling, preparing, and storing wool at warehouses. Improved packaging would make handling,

The author is an agricultural economist in the Marketing Economics Research Division of AMS. The publication on which this story is based is entitled "Changes in American Textile Industry: Competition, Structure, Facilities, Costs," Technical Bulletin No. 1210.

Wool

COMPETITION



transportation and storage easier.

Both cotton and wool need better classification and market information services.

Manufacturing textile yarns and fabrics would be improved by concentrating on the qualities of raw materials best suited—physically and economically—to the production of a given product. Manufacturers also should update their equipment and operations.

To achieve their goals, manufacturers need more information on fiber quality. They also need to know how various qualities affect performance, the finished product, and the cost of manufacturing.

Suggested improvements in manufacturing clothes and similar items range from more attractive styles and better construction to better facilities, redesigned plant layouts, and a labor-management program to improve operations.

The wholesaling margin would be reduced considerably if the smaller operators could raise their volume to something nearer the optimum. In 1954, the operating expenses per dollar of net sales for operators with annual sales of over \$2 million were about half as much as they were for the operator whose annual sales were less than \$50,000. At least part of this difference is connected with the volumes handled.

The retailer, too, can simplify his operations. With more use of open displays, the retailer could take advantage of savings from self-service. Other aids would include more accurate labeling to indicate qual-

ity and size of the product.

It goes without saying that the cotton and wool industries are not dragging their feet. New machinery and new methods are constantly being adopted. The trouble is, improvements aren't coming fast enough.

For example, the editors of one trade journal report that between 1948 and 1957, the textile industry spent \$4.4 billion for new plants and equipment. As a result, productivity per man-hour rose 67 percent.

But, this same report indicated that two-thirds of the textile manufacturing equipment was obsolete in 1957.

Among those manufacturers who were building new plants and installing new equipment in 1958, more than a third expected these facilities to pay for themselves in 1 or 2 years; and almost half of them expected to get their investment back in 3 to 5 years.

The conclusion seems obvious: Technological developments are far ahead of their application.

And what would happen to costs if these developments were applied in the cotton and wool industries?

If the combined manufacturing and distributing margins for 1939, 1947, 1954, and 1957 had been reduced by 10 percent it would have amounted to—

- About 9 percent of the cost of finished products to consumers,
- Or, about two-thirds of the gross returns to cotton and wool farmers,
- Or, about three times the total costs of marketing the raw fibers.



Marketing costs for sheets, which require little processing, run 66 cents on retail dollar. On a man's dress shirt, marketing costs account for 93 percent of the price.



Marketing charges for a man's wool suit also run high. Ninety percent of the retail price goes for marketing; 10 percent to the former.



AMS scientists are using this radiation detector to determine if potassium-40 can be used to calculate fat and lean in meat.

Measuring Fat Content in Meat

SCIENTISTS have floated animals in water, anesthetized them, probed them with electric currents, and bounced ultra-high frequency sound-waves off their backbones, all to get an objective measurement of the proportion of lean to fat tissue in livestock and poultry.

Now they're using radiation measurements.

Agricultural Marketing Service biologists have a new 13,000-pound radiation detector which counts the extremely minute natural radiation always given off by animal tissue. The machine measures gamma ray emissions from the muscle tissue of an animal. The impulses are in turn translated into an estimate of the proportion of fat to lean meat.

The radiation counter was developed for the Market Quality Research Division to use in its work of establishing more objective measurements of quality in food. According to Dr. Calvin Golumbic, head of the Division's Quality Evaluation Section, the machine might also be modified to help the meat industry control quality in various products.

One of the major advantages of the radiation counter, according to Dr. Roman Kulwich who is in charge of the project, is that it provides a nondestructive estimate of the lean and fat content of meat.

The device can handle up to 70 pounds of meat and works so quickly that a frozen cut can be measured for composition and returned to the freezer without danger of thawing.

With modifications, the machine could estimate fat in live animals to help breeders select the most desirable animals.



Potassium-40, always present in animal tissues, emits gamma rays. These rays are recorded on the radiation machine. Researchers then use this measurement to estimate the amount of fat that is present in livestock and poultry meats.



Here Dr. Kulwich places a turkey in the radiation chamber. Besides its present use, the new detector can be used to measure fallout contamination in food.

Reporting the Egg Markets

by Harry Rust

CHANGE demands change. And in the past 40 years, USDA's Dairy and Poultry Market News Service has initiated many changes and many new reports to meet current market needs of producers, packers, and others marketing eggs.

The latest of these is a nationwide report on the volume of eggs moving from farms into trade channels. It was developed in cooperation with the Marketing Economics Research Division of AMS.

This weekly report covers receipts from farmers as well as deliveries to one specific outlet—egg breakers—in six regional areas and in the Nation as a whole. It supplements reports on terminal market receipts.

In developing any price report, the Market News Service requires a "yes" answer to two important questions: Is sales information that reflects real price negotiations available? Does the report meet a definite need?

Because of this basic requirement, and the irregular pattern of trading levels for eggs across the country, the Dairy and Poultry Market News Service is currently reporting 52 different series of reported egg prices. These include seven different trading levels in 31 different markets and marketing areas.

- At farm or ranch (in 7 States)
- Delivered to country buyers (in 9 States or areas)
- F.O.B. shipping point (in 1 area—Iowa and Minnesota)
- F.O.B. terminal markets (in 14 markets)
- Wholesale prices (in 1 market—New York)

The author is Chief of the Dairy and Poultry Market News Branch, Agricultural Marketing Service.

• Prices to retailers (in 18 markets)

• Retail prices (in 1 market—Los Angeles—and 1 State—Louisiana)

Begun 10 years ago in major egg producing areas, the "at farm" price quotations no longer serve their original purpose. As time goes by, coverage at this level has become less and less adequate.

Currently, the Market News Service is checking this phase of its program to see whether "at farm" reports are actually needed. Surveys have already been made in Georgia and Ohio. And, although no final decision has been made, it looks like "at farm" price reporting may be discontinued because of lack of sufficient pricing at this level.

The disappearance of these prices is another sign of our times. It results primarily from changing market conditions—the trend toward contract and formula pricing and various types of integrated production operations.

Another phase of the Market News Service also undergoing scrutiny is the prices to retailers. This series has been reported ever

since 1926 and now covers most of the larger cities of the Nation.

Here, too, the market news program is faced by a variety of marketing situations that makes complete coverage difficult. For example: In one city, members of the trade, who must supply the information, object to its publication. In many other markets, intra-company pricing methods make it impossible to obtain prices to retailers for more than 25 to 50 percent of the total volume of transactions.

At present, the Dairy and Poultry Market News Service is working on a new type of report which will give the volume of eggs moving into retail channels. For several years, the service has been gathering these data at four markets, and it is now working with the Marketing Economics Research Division to improve the sampling procedure. When improvements have been worked out, this report will be extended to additional markets.

A second type of report, also being considered, is a series based on the volume of "consumer packaged" eggs moving from the shipping point. More and more eggs are being sold—already graded and packaged—by the country packer to the retail distributor. Such sales information would be available and certainly would be of value to the industry if reported.

A USDA Dairy and Poultry Market News reporter stops to look over eggs as he gathers price information. Egg prices at terminal markets such as this are reported in 14 different localities across the country.





Vacuum cooler installed in 1959 especially for cooling cabbage produced by Arlington Valley Growers.

VEGETABLE GROWERS

Find Joint Marketing Pays

by John C. Baker

A NOVEL experiment, which joined Cook County, Ill., vegetable producers with one of the area's largest marketing firms, has turned into a million-dollar-a-year enterprise. A new vegetable shipping point now flourishes within the very shadow of metropolitan Chicago.

For years, Cook County has been one of the top-ranking counties in the Nation in value of farm production. In value of output per acre, few could approach it, because much of Cook County's rich, black soil produced vegetables, onion sets, and the other products which generally bring high returns—that is, if conditions are normal.

But what was normal a couple of generations ago, when Cook County vegetable growers could sell most of their produce to retail stores in the Chicago area, ceased to be normal with the advent of large volume buying by chain stores and organized independent retailers.

The buyers wanted not only high

quality, they wanted uniformity of quality, color, and maturity. They wanted vegetables that had been graded, washed, and attractively packaged. They wanted them in a continuous flow week after week. And they couldn't be bothered with hundreds of deals with individual growers.

Although Cook County's vegetable growers had been reduced in 10 years by almost two-thirds, and the land planted to vegetables cut in half (to about 14,000 acres in 500 farms by 1954), the Chicago market could not absorb all of the county's produce at the peak of harvest. When the growers had most to sell, the market was glutted and prices dropped so low they spattered on the pavement of Chicago's South Water Market, the only major outlet available to most growers.

The gloomy matter of costs and prices became the principal topic of discussion whenever vegetable growers got together during the early fifties—at Extension Service meetings, at sessions of the Cook County Truck Gardeners and Farmers Association, or over a cup of coffee.

Mr. Baker is Chief of the Midwest Information Office of the Agricultural Marketing Service, USDA. He is stationed in Chicago.



Turnips being washed and bogged in packing house.



"We're competing with ourselves in the Chicago market," the growers told each other, privately and in public meeting. "If only we could sell our vegetables in many different markets, then we'd stand a chance of getting fair prices."

From Michigan came word that a group of growers around the town of Capac, confronted with similar problems, had formed a marketing organization and had built a packing house. Cook County growers liked the idea.

Impressed with the initiative of the Capac farmers and even more impressed by the size of their investment, growers in the northern part of Cook County decided to set up a similar marketing organization. The Extension Service helped with the plans, and a Chicago attorney drafted the constitution and by-laws.

The new organization, known as the Arlington Valley Growers, would be something of a hybrid between a cooperative and a stock company. Each member would buy a block of stock at \$100, and each would have one vote. About 45 growers became charter member-stockholders.

With an organization and a capital fund of \$4,500, AVG faced the big question: How could it get into the business of marketing vegetables without plunging deep into debt?

One solution suggested itself quickly. Turn the actual selling over to an established sales organization—one that could wash, cool, package, and store the produce as well as sell it. The firm headed by Robert L. Berner, an established dealer, was chosen.

Berner agreed to serve as the selling agent for the Arlington Valley Growers for the usual commission percentage plus 10 cents a package, plus fees for cooling, washing, waxing, or refrigerating.

All members of AVG agreed to market their total output through Berner, except for retail sales at their own stands. Berner reserved

the right to buy from other growers if AVG supplies were short, giving AVG any profit on such sales after commissions were deducted. AVG had the right to audit Berner's books at any time.

So, the unique alliance began early in 1956. One relatively minor change was made after the first season. At the request of the growers, the commission-plus-package charge was changed to a higher straight commission, to simplify the figuring. Otherwise, the organization and methods of operating have remained about the same through four marketing seasons.

The AVG members received about \$650,000 the first year; in 1959 their take was roughly \$1,000,000. The AVG organization itself has remained solvent, with about \$9 cash on hand for each \$1 of liabilities.

Berner claims, and most members seem to agree, that through the new marketing set-up, growers get better prices than they did formerly, better than they would if they had no organization.

Berner points to the 1958 cabbage deal when prices got so low that many independent growers in the county plowed under much of their crop to save the expense of harvesting and marketing. AVG growers received an average of \$18 a ton. A year later, with almost as large a volume, AVG growers received an average of \$36 a ton.

"There are two big differences between the situation now and be-

fore we tied up with AVG," says Berner. "One is that previously we did our best to hold down the price we paid to the growers; now we're working hard to get the highest possible price for them.

"The other difference is that growers' prices were governed largely by the Chicago market, which frequently was glutted; now AVG vegetables are sold on markets where supplies are short and prices are higher. We spend upwards to \$10,000 a month in long distance telephone calls to find these markets, but it pays off for the growers.

"It's been a good thing for us, too," he went on. "By keeping in daily contact with our AVG members, we know what our supplies will be. That makes for good relations with customers."

What of the future? Can the Arlington Valley Growers stay in business as more and more of its members yield to the fancy land prices offered by real estate developers?

Some of the original members have gone out of vegetable growing, but others are moving farther away from the metropolitan area and converting corn-livestock farms to vegetables. They recognize that AVG is an effective funnel for assembling vegetables and that their sales organization can sell them for good prices. It seems safe to predict that while the growers may leave Arlington Valley, they'll stay with Arlington Valley Growers.



Marketing Lean Pork In Indiana

by James H. Stevenson

INDIANA shoppers recently demonstrated that some consumers are willing to pay more for leaner cuts of pork than they are for regular loins, Boston butts, picnics, hams, and bacon.

This was one of the findings of two 16-week consumer preference studies—studies by Purdue University conducted in cooperation with several Indiana food marketing firms and carried out under the Federal-State Matching Fund Program.

The results of this work show producers, marketing firms, and retailers what the public wants in the way of pork. Many similar projects, authorized under the Agricultural Marketing Act of 1946, are carried on throughout the country—backed by Federal and State funds.

Pork used in the Indiana tests was carefully selected. A buyer supplied live-graded, meat-type hogs to a packing house for 50 cents per hundredweight more than the current market price. The packer then separated and regraded the carcasses to eliminate “counterfeits,” “meatless wonders,” and overfat hogs.

This done, the animals were cut up, and substandard loins sorted out. All the five primal cuts were used in testing the buyers’ choice.

The first test took place in Muncie. Meat-type pork (labeled, for research purposes, “Tend-R-Leen”) and regular pork were offered at the same price. Customers liked the leaner pork. It outsold the regular pork by over 6 percent. Meat-type ham took a 13 percent lead over other ham; lean bacon sales were up 9 percent over those of regular bacon. Customers also were more selective with some pork cuts than others. For cuts such as bacon, hams, and shoulders, in which the fat is on the inside, consumers preferred the meat-type pork. When buying cuts from which fat can be trimmed (center cut chops, pork loin cuts, and loin roasts), the purchaser showed no preference between meat-type and regular cuts.

This year a second, somewhat different, test was run in Terre Haute. The meat-type pork, under the fictitious name of “Tend-R-Leen,” was priced from 2 to 6 cents per pound above regular pork. Results were again favorable. About 45 percent of all the pork sold was meat-type, even though the price difference was made obvious to the public.

Once more, the customers’ selection varied among individual cuts. Meat-type Boston butts and bacon were the only items that, when offered at a higher price, outsold the regular product. Other meat-type cuts accounted for 41 to 46 percent of the sales of their respective cuts.

It is interesting to note that Boston butts, fresh picnics, and semi-boneless hams sold better at the 6-cent price differential than at the 2-cent differential. Possibly, some consumers con-

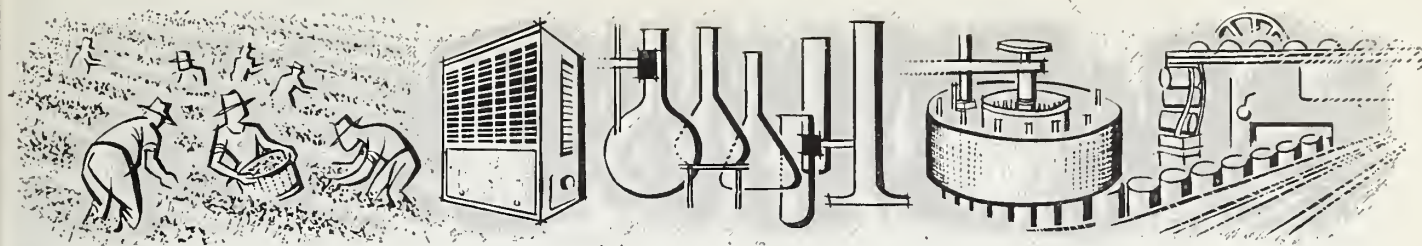
(continued on page 15)



Live-graded, meat-type hogs brought 50 cents more per hundredweight than the current market price.



In the Terre Haute test, meat-type pork was priced from 2 to 6 cents more a pound than regular pork. Even with the price difference, about 45 percent of all pork sold was meat-type.



THE CHANGING MARKET

Marketing Domestic Dates

California produces all but about 1 percent of the more than 40 million pounds of dates produced annually in this country.

And, according to a recent study by the Marketing Economics Research Division of AMS, 18 packing houses handle 90 percent of this crop. The three largest of these plants account for 70 percent of the State's total.

They also made almost all of the advertising and promotion expenditures in the industry. During the 1956-57 season, these three packing companies spent about 3 percent of their sales returns for point-of-sale material, dealer service work, and advertising.

These same three plants packed the majority of the retail-size packages and all of the pitted dates.

The cost of packaging dates averages 4 cents a pound for bulk packaging and 9 cents a pound when 90 percent of the plant output is packaged in retail sizes.

Chainstores are the biggest single outlet for dates. They take half of the output.

Produce and specialty wholesalers receive 25 percent, and the remaining fourth goes to general-line grocery wholesalers, independent retailers, bakers, candy-makers, mail-order buyers, and date shops.

Slightly over half of the sales are made through brokers, though direct sales to chainstores by the large packers have increased somewhat in recent years.

A full report of the AMS study on "Marketing Domestic Dates, Packinghouse Practices and Costs" (MRR-373) has recently been published. Copies may be obtained from the Office of Information, USDA, Washington 25, D. C.

Fruit and Vegetable Inspection

Last year AMS inspectors examined a total of 10 billion pounds of processed fruit and vegetable products — enough food to fill 200,000 rail cars and 11 percent more than was inspected in 1958.

This figure includes 7 billion pounds of canned goods, 2 billion pounds of frozen foods, and a billion pounds of dried, dehydrated, and miscellaneous processed products.

USDA grade standards are used to determine the quality levels of food. By-and-large, this service is provided for private industry. Buyers and sellers pay the costs of inspection because they believe that it cuts down trading risks and saves time, trouble, and money. These services also are performed for government purchasing agencies, State institutions, and the armed forces.

USDA offers: (1) *continuous inspection* in which the inspector is present at all times while the food is being processed; (2) *plant inspection* for which an inspector checks the plant and certifies the product but is not necessarily present at all times; (3) *lot inspections* in which a single lot is sampled and tested.

Marketing Lean Pork

(continued from page 14)

sider the price of an item to be an indication of quality.

During the first 12 weeks of the test, no advertising of any kind was used to promote the sales of the "Tend-R-Leen" meat-type pork. The customers were allowed to base their decisions entirely on visual appraisal of the products.

In the 13th and 14th weeks of the study, advertising was used to influence the consumers' decisions. Radio, television, local newspapers, and paid store advertising told the "Tend-R-Leen" story.

This promotion caused some further sales shifts. Again these varied with the cuts. Boston butts, pork loins, and bacon under the "Tend-R-Leen" retail label increased in sales from 2 to 8 percent above their regular pork counterparts. On the other hand, sales of "Tend-R-Leen" picnics and semi-boneless hams dropped 11 and 6 percent respectively.

Everything considered, the promotional campaign raised the sale of meat-type pork 5.5 percent.

These studies have shown pork producers and marketing firms that lower production costs and high primal cut yields are not the only reason for raising meat-type hogs. The premium prices which some consumers are willing to pay give leaner animals a better market potential.

The author is an assistant professor in the Department of Agricultural Economics, Purdue University. He is also a participant in the Matching Fund Program.

Market Facilities in New York City

(continued from page 7)

The Lower Manhattan market area, especially the Washington Street market, is—

Antiquated — This section has been a market since 1813. A third of the buildings were standing before the Civil War.

Hazardous—Only one building in six is fireproof.

Inefficient — Almost all goods must enter and leave a dealer's store by one door. Many buildings are former tenement or loft buildings.

Poorly equipped—Not one store in five has cold storage space. Almost no mechanical equipment is, or could be, used.

Crowded—Washington Street is only 30 feet wide; the area covers only 30 acres.

Poorly located—Trucks going to and from the market tie up traffic on several of the busiest thoroughfares.

The Washington Street market is a \$10 million clot in the arteries that feed metropolitan New York.

What can be done to remove this clot?

Ideally, a new fruit and vegetable market should be built. It should contain—

- 240 store units for the merchants now in the Washington Street market

- A building for auctions
- Display, storage, and office space for each firm

- Single-story construction with mezzanine

- Loading docks front and rear

- Rail tracks to each building

- Streets wide enough (150 feet or more) for trucks to load and unload and permit traffic to flow freely

- Parking for 1,500 cars and trucks; team tracks for 400 rail cars

- Offices for buyers, brokers, reporters, etc.

- Land for future expansion

A marketing facility of this type would benefit everyone who grows, buys, sells, and consumes fresh fruits and vegetables in the New York metropolitan area.

Wholesalers will find a modern, up-to-date produce market will mean shorter hours, less confusion. Buyers, too, will need less time to negotiate, and they'll get quicker deliveries, better quality produce.

Growers also stand to profit. Some of the savings in marketing costs will come to them in the form of higher prices for their fruits and vegetables. And, they'll gain both money and time by eliminating delays in arriving and unloading.

For the consumer, who eventually buys this produce at the retail store, a new wholesale market will mean less expensive, better quality fruits and vegetables.

ALSO . . . Traffic congestion along Washington Street would be relieved. A blighted area would be removed. Fire and health hazards would be greatly reduced. And, tax returns to the City of New York could be increased through the redevelopment of the Washington Street sector.

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